

## **EXHIBIT B**

Dear (DEPARTMENT DIRECTOR):

I have directed an evaluation of the internal control structure of (name of department) in effect during the year ended \_\_\_\_\_. As required by PA 431 of 1984, as amended, this evaluation has been conducted in accordance with the General Framework issued by the DMB, in consultation with the Auditor General.

Objectives of the internal control structure of the (name of department) are to provide reasonable assurance that measures are being used to:

- Develop reliable financial reports.
- Promote effective and efficient operations, including the safeguarding of State assets.
- Encourage compliance with applicable laws, rules, and regulations (including prescribed managerial policies).

The concept of reasonable assurance recognizes the cost of internal control should not exceed benefits expected to be derived therefrom, and that benefits consist of reductions in risks of failing to achieve stated objectives. Estimates and judgments are required to assess expected benefits and related costs of control procedures. Errors or irregularities may occur and not be detected because of inherent limitations in any internal control structure, including those resulting from resource constraints or legislative restrictions. Projection of any evaluation of the internal control structure to future periods is subject to the risk that procedures may be inadequate due to changes in conditions or the degree of compliance with procedures may deteriorate. I have taken necessary measures to assure that the evaluation, identified in the first paragraph, has been conducted in a thorough and conscientious manner.

Results of the evaluation, assurances given by activity level owner and other information provided, indicate the internal control structure of (name of department) in effect during the year ended (date), complies with the requirement to provide reasonable assurance the above-mentioned objectives were achieved within the limits described in the preceding paragraph. The evaluation, however, did discover the following material weaknesses<sup>1</sup>:

(LIST OF MATERIAL WEAKNESSES)<sup>1</sup>

Attachment to this report contains the department's plans and time schedules for correcting such weaknesses,<sup>1</sup> and the status of actions taken to correct weaknesses identified in prior years' reports.<sup>2</sup>

(SIGNATURE, DESIGNATED SENIOR OFFICIAL)

<sup>1</sup> If there are no material weaknesses, this sentence should be deleted, and there would be no list or portion of Attachment A containing plans and schedules for correcting such weaknesses.

<sup>2</sup> If there were no actions taken during the past year to correct weaknesses, or no identified weaknesses for which corrective actions remain to be taken, this phrase would be deleted.